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Nos. 463 and 548

In the Supreme Court of the United States

OCTOBER TERM, 1929

CHARLES JACKSON, PETITIONER

v.

THE UNITED STATES OF AMERICA

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE TENTH CIRCUIT

THE UNITED STATES OF AMERICA

v.

MATTIE PUCKETT WORLEY, ADMINISTRATRIX OF THE ESTATE OF EMMET A. PUCKETT, DECEASED, AND MATTIE PUCKETT WORLEY, INTERVENER

ON CERTIFICATE FROM THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE EIGHTH CIRCUIT

APPENDIX TO BRIEFS FOR THE UNITED STATES

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ON CERTIFICATE FROM THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE EIGHTH CIRCUIT

APPENDIX TO BRIEFS FOR THE UNITED STATES

[Treasury Department, Bureau of War-Risk Insurance, Division of Military and Naval Insurance, Bulletin No. 1]

TERMS AND CONDITIONS OF SOLDIERS' AND SAILORS' INSURANCE

I, William C. De Lanoy, Director of the Bureau of War-Risk Insurance in the Treasury Depart-

ment, pursuant to the provisions of section 402 of an act "to amend 'An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department,' approved September 2, 1914, and for other purposes," approved October 6, 1917, hereby, on this 15th day of October, 1917, by direction of the Secretary of the Treasury, determine upon and publish these full and exact terms and conditions of the contract of insurance to be made under and by virtue of the act:

1. Insurance will be issued for any of the following aggregate amounts upon any one life:

Amount	Converted into monthly installments of—	Amount	Converted into monthly installments of—
$1,000	$5.75	$6,000	$34.50
$1,500	8.63	$6,500	37.38
$2,000	11.50	$7,000	40.25
$2,500	14.38	$7,500	43.13
$3,000	17.25	$8,000	46.00
$3,500	20.13	$8,500	48.88
$4,000	23.00	$9,000	51.75
$4,500	25.88	$9,500	54.63
$5,000	28.75	$10,000	57.50
$5,500	31.63		

Which installments will be payable during the total and permanent disability of the insured, or if death occur without such disability, for 240 months, or if death occur following such disability, for a sufficient number of months to make 240 in all including months of disability already paid for, in both cases except as otherwise provided.

2. The insurance is issued at monthly rates for the age (nearest birthday) of the insured when the insurance goes into effect, increasing annually upon the anniversary of the policy to the rate for an age one year higher, as per the following table of rates:

[Here follows a table of rates.]

Rates at ages higher or lower will be given on request.

The insurance may be continued at these increasing term rates during the war and for not longer than five years after the termination of the war, and may be continued thereafter without medical examination if the policy be converted into a form selected before the expiration of such five years by the insured from the forms of insurance which will be provided by the bureau, provided that premiums are paid therefor at net rates computed by the bureau according to the American Experience Table of Mortality and interest at 3½ per cent per annum.

3. That the insurance has been granted will be evidenced by a policy or policies issued by the bureau, which shall be in the following general form (which form may be changed by the bureau from time to time, provided that full and exact terms and conditions thereof shall not be altered thereby):

[Form of policy for $5,000]

MILITARY AND NAVAL INSURANCE POLICY

No. 1

Amount, $5,000
Monthly installments, $28.75

Age, 25

THE UNITED STATES OF AMERICA

TREASURY DEPARTMENT

BUREAU OF WAR-RISK INSURANCE

Under the authority granted by Congress in an act amending "An act entitled 'An act to authorize the establishment of a Bureau of War Risk Insurance in the Treasury Department,' approved

September 2, 1914, and for other purposes," approved October 6, 1917, and subject in all respects to the provisions of such act, of any amendments thereto, and of all regulations thereunder, now in force or hereafter adopted, all of which, together with this policy, the application therefor, and the terms and conditions published under authority of the act, shall constitute the contract:

Hereby insures from and after the ------ day of ------, 19--, John Doe, of Illinois, private,
(Name, State of residence, and designation of the insured)
Company A, Third Infantry, conditioned upon the payment of premiums as herein provided for the principal amount of $5,000, converted into monthly installments of $28.75 (the equivalent, when paid for 240 months, of the sum insured, on the basis of interest at the rate of 3½ per cent per annum) payable—

To the insured, of he/she, while this insurance is in force, shall become totally and permanently disabled, commencing with such disability as established by the award of the director of the bureau and continuing during such disability; and

To the beneficiary or beneficiaries hereinafter designated, commencing upon the death of the insured, while the insurance is in force, and (except as otherwise provided) continuing for 240 months if no installments have been paid for total and permanent disability or, if any such installments have been paid, then for a number of months sufficient to make 240 in all:

To Sarah Doe, wife of the insured:

If no beneficiary within the permitted class be designated by the insured, either in the insured's lifetime or by his last will and testament, or if any

above-designated beneficiary is or becomes disqualified or does not survive the insured, the insurance (or if any above-designated beneficiary shall survive the insured, but shall not receive all the installments, then the remaining installments) shall be payable to such person or persons within the permitted class of beneficiaries as would under the laws of the insured's place of residence be entitled to his personal property in case of intestacy.

If the insured became totally and permanently disabled before this policy was applied for, it shall nevertheless be effective as life insurance, but not as insurance against such disability.

This policy is not assignable, and payments thereunder to the insured or a beneficiary are not subject to claims of creditors of the insured or beneficiary.

The insured may at any time, subject to the regulations of the bureau, change the beneficiary or beneficiaries to any person or persons within the classes permitted by the act, without the consent of the beneficiary or beneficiaries.

Upon the written request of the insured, accompanied by this policy for indorsement, or after his/her death, upon request of a beneficiary at the time of making claim, the insurance payable to any beneficiary may be converted into installments of reduced amounts payable for 240 months certain and for as much longer as such beneficiary shall survive, such installments to be computed in accordance with the American Experience Table of Mortality and 3½ per cent interest.

Premiums shall be paid monthly on or before the last day of each calendar month and will, unless the

insured otherwise elects in writing, be deducted from any pay due him/her from the United States or deposit by him/her with the United States, and, if so to be deducted a premium when due will be treated as paid, whether or not such deduction is in fact made, if upon the due date the United States owe him/her on account of pay or deposit an amount sufficient to provide the premium, provided that the premium may be paid within 31 days after the expiration of the month, during which period of grace the insurance shall remain in full force. If any premium be not paid, either in cash or by deduction as herein provided, when due or within the days of grace, this insurance shall immediately terminate, but may be reinstated within six months upon compliance with the terms and conditions specified in the regulations of the bureau.

If the age of the insured has been misstated, the amount of insurance shall be adjusted at the amount not in excess of $10,000 which the premium actually paid would purchase at the insured's attained age.

During the present war and for not more than five years thereafter, or until the earlier conversion of this policy, as hereinafter provided, the monthly premiums shall be in accordance with the following table of rates, increasing at each anniversary of the policy to the rate for his/her then attained age:

Table of premiums for $5,000

[Ages 15 to 65]

Attained age	Monthly rate	Attained age	Monthly rate
15	$3.15	41	$4.10
16	3.15	42	4.20
17	3.15	43	4.35
18	3.20	44	4.45
19	3.20	45	4.60
20	3.20	46	4.75
21	3.25	47	4.95
22	3.25	48	5.15
23	3.25	49	5.40
24	3.30	50	5.70
25	3.30	51	6.00
26	3.35	52	6.35
27	3.35	53	6.75
28	3.40	54	7.20
29	3.45	55	7.65
30	3.45	56	8.20
31	3.50	57	8.80
32	3.55	58	9.50
33	3.60	59	10.25
34	3.65	60	11.05
35	3.70	61	12.00
36	3.75	62	13.00
37	3.80	63	14.10
38	3.85	64	15.35
39	3.95	65	16.75
40	4.05		

Not later than five years after the war this policy, if written request be made to the bureau therefor, accompanied by this policy, will be converted without medical examination into any form of insurance selected from among those that may be prescribed by regulations of the bureau. Such converted insurance will be at net premiums, computed in accordance with the American Experience Table of Mortality and 3½ per cent interest per annum and will provide for cash, loan, paid-up, and extended insurance values.

Wherefore the United States of America has caused this policy to be signed by the Secretary of

the Treasury and by William C. De Lanoy, the Director of the Bureau of War-Risk Insurance, and countersigned by the registrar or an assistant registrar of the bureau.

W. G. McAdoo,
Secretary of the Treasury.

William C. De Lanoy,
Director of the Bureau of War-Risk Insurance.

Countersigned at Washington, D. C., this------ day of ------, 19--.

------ ------,
Registrar.

4. Persons entitled to apply for this insurance are—

(1) A commissioned officer (including a warrant officer) in active service in the military or naval forces of the United States.

(2) Any person, male or female, enlisted, enrolled, or drafted into active service in the military or naval forces of the United States, including noncommissioned and petty officers and members of training camps authorized by law.

The term " military or naval forces " means the Army, the Navy, the Marine Corps, the Coast Guard, the Naval Reserves, the National Naval Volunteers, and any other branch of the United States service while serving pursuant to law with the Army or the Navy.

(3) Any member of the Army Nurse Corps (female) or of the Navy Nurse Corps (female) while employed in active service under the War Department or Navy Department, respectively.

5. Insurance may be applied for in favor of one or more of the following persons with sum of $500 or a multiple thereof for each beneficiary, the aggregate not exceeding the limit of $10,000 and not less than $1,000 upon any one life:

Husband or wife.

Child, including legitimate child; child legally adopted before April 6, 1917, or more than six months before enlistment or entrance into or employment in active service, whichever date is the later; stepchild, if a member of the insured's household; illegitimate child, but, if the insured is his father, only if acknowledged by instrument in writing signed by him, or if he has been judicially ordered or decreed to contribute to such child's support, and if such child, if born after December 31, 1917, shall have been born in the United States or in its insular possessions.

Grandchild, meaning a child, as above defined, of a child as above defined.

Parent, including father, mother, grandfather, grandmother, stepfather, and stepmother, either of the insured or of his/her spouse..

Brother or sister, including of the half blood as well as of the whole blood, stepbrothers and stepsisters and brothers and sisters through adoption.

Unless other designation is made by the insured, such person or persons, within the permitted class of beneficiaries, as would under the laws of the place of residence of the insured be entitled to his personal property in case of intestacy shall be deemed designated as the beneficiary or beneficiaries to whom shall be paid any installments remaining unpaid upon the death, or disqualification

under the provisions of the act, of any named beneficiary.

In case the applicant does not desire the premium to be deducted from his/her pay (or his/her deposit) he/she should so elect in writing at the time of making application; but if no election is made it shall have the effect to provide for such deduction from his/her pay, or if such pay be insufficient, any balance from his/her deposit.

7. Applications for insurance are to be made upon the blanks provided by the bureau, but any writing sufficiently identifying the applicant and specifying the amount of insurance shall be deemed sufficient. Upon request of the bureau, however, the applicant shall fill out and sign the proper blank as of the original date.

8. If a signed writing requesting insurance for less than $4,500 is mailed or delivered before the 12th day of February, 1918, to the Bureau of War-Risk Insurance, Washington, D. C., or to any branch thereof or to any officer of the United States authorized to receive the same, such insurance, in the absence of other specification in such writing, shall be and be deemed applied for and the contract made on such 12th day of February, 1918, the provisions of section 401 as to automatic insurance meanwhile continuing in full force; if so mailed or delivered on or after such day, or if for $4,500 or more, though mailed or delivered before such day, the insurance shall, in the absence of other specification in such writing, be and be deemed applied for and the contract made on the day of mailing or delivery.

9. These terms and conditions are subject in all respects to the provisions of such act and of any amendments thereto and of all regulations thereunder now in force or hereafter adopted.

WILLIAM C. DE LANOY,
Director of the Bureau of War-Risk Insurance.

WASHINGTON, D. C.
October 15, 1917.

STATUTES

The Act of October 6, 1917 (c. 105, 40 Stat. 398, 409, 410), provides in part as follows:

SEC. 402. That the director, subject to the general direction of the Secretary of the Treasury, shall promptly determine upon and publish the full and exact terms and conditions of such contract of insurance. The insurance shall not be assignable, and shall not be subject to the claims of creditors of the insured or of the beneficiary. It shall be payable only to a spouse, child, grandchild, parent, brother or sister, and also during total and permanent disability to the injured person, or to any or all of them. The insurance shall be payable in two hundred and forty equal monthly installments. Provisions for maturity at certain ages, for continuous installments during the life of the insured or beneficiaries, or both, for cash, loan, paid-up and extended values, dividends from gains and savings, and such other provisions for the protection and advantage of and for alternative benefits to the insured and the beneficiaries as may be found to be reasonable and practicable may be provided for in the contract of insurance or from time to time by regulations. All calculations shall be based upon the American Experience Table of Mortality and interest at three and one-half per centum per annum, except that no deduction shall be made for continuous installments during the life of the in-

sured in case his total and permanent disability continues more than two hundred and forty months. * * *

* * * * *

SEC. 403. That the United States shall bear the expenses of administration and the excess mortality and disability cost resulting from the hazards of war. The premium rates shall be the net rates based upon the American Experience Table of Mortality and interest at three and one-half per centum per annum.

SEC. 404. That during the period of war and thereafter until converted the insurance shall be term insurance for successive terms of one year each. Not later than five years after the date of the termination of the war as declared by proclamation of the President of the United States, the term insurance shall be converted, without medical examination, into such form or forms of insurance as may be prescribed by regulations and as the insured may request. Regulations shall provide for the right to convert into ordinary life, twenty-payment life, endowment maturing at age sixty-two, and into other usual forms of insurance and shall prescribe the time and method of payment of the premiums thereon, but payments of premiums in advance shall not be required for periods of more than one month each and may be deducted from the pay or deposit of the insured or be otherwise made at his election.

Section 17 of the Act of March 4, 1925 (c. 553, 43 Stat. 1302, 1311), provides in part as follows:

* * * wherever a judgment or decree shall be rendered in an action brought pursuant to section 19 of Title I of this Act the court, as a part of its

judgment or decree, shall determine and allow reasonable fees for the attorneys of the successful party or parties and apportion same if proper, said fees not to exceed 10 per centum of the amount recovered and to be paid by the bureau out of the payments to be made under the judgment or decree at a rate not exceeding one-tenth of each of such payments until paid.

APPROPRIATIONS

The following appropriations were made solely for the payment of benefits under yearly term war-risk life insurance accruing for the year in which the appropriation was made:

By Act of Oct. 6, 1917 (40 Stat. 398, 400)	$23,000,000
By Act of Feb. 13, 1923 (42 Stat. 1227, 1244)	90,000,000
By Act of Mar. 4, 1923 (42 Stat. 1527, 1530)	13,235,000
By Act of June 7, 1924 (43 Stat. 521, 533)	88,000,000
By Act of Mar. 3, 1925 (43 Stat. 1198, 1212)	98,000,000
By Act of Mar. 3, 1926 (44 Stat. 161, 165)	27,000,000
By Act of Apr. 22, 1926 (44 Stat. 305, 320)	123,000,000
By Act of Feb. 11, 1927 (44 Stat. 1069, 1085)	114,000,000
By Act of Dec. 22, 1927 (45 Stat. 2, 7)	8,920,000
By Act of May 16, 1928 (45 Stat. 573, 588)	106,750,000
By Act of Feb. 20, 1929 (45 Stat. 1230, 1247)	115,250,000
By Act of Mar. 4, 1929 (45 Stat. 1623, 1628)	7,500,000
Total	814,655,000

Benefits under the yearly term policies will continue for many years, but there will be little income, as the Annual Report of the Director of the Veterans' Bureau for 1929 (p. 22) shows that on June 30, 1929, only 226 such policies were then in force.

Respectfully submitted.

WILLIAM D. MITCHELL,
Attorney General.

CLAUDE R. BRANCH,
Special Assistant to the Attorney General.

MARCH, 1930.

U. S. GOVERNMENT PRINTING OFFICE: 1930

AMICUS CURIAE BRIEF

FILE COPY

MAR

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1929

No. 463

CHARLES JACKSON,

Appellant

vs.

UNITED STATES OF AMERICA,

Appellee

BRIEF OF AMICUS CURIAE

MILO J. WARNER
ROBERT NEWBEGIN
Counsel

IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1929

No. 463

CHARLES JACKSON,

Appellant

vs.

UNITED STATES OF AMERICA,

Appellee

BRIEF OF AMICUS CURIAE

MILO J. WARNER
ROBERT NEWBEGIN
Counsel

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War Risk Insurance Acts

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IN THE

SUPREME COURT OF THE UNITED STATES

October Term, 1929

No. 463

CHARLES JACKSON,

Appellant

vs

UNITED STATES OF AMERICA,

Appellee

BRIEF OF AMICUS CURAIE

This brief is in support of the proposition that the apellant Jackson is entitled to interest on unpaid installments of total disability insurance under his war risk insurance policy and on judgment.

It is believed that careful analysis of the history of the present war risk insurance legislation will lead to the conclusion that interest is allowable.

DISCUSSION OF STATUTES

The War Risk Insurance Act first appeared as the act of September 2, 1914, Chapter 293, 38 Stat. at L., 711 and 712. From the preamble of this act, it appears that the foreign commerce of the United States was greatly impeded and in danger by reason of the

absence of adequate facilities for the insurance of American vessels and their cargoes against the risk of war. Accordingly, a bureau of war risk insurance was established. The functions of this bureau were expected to be temporary in nature, and the President was authorized to suspend the operations of the act when in his judgment there was no further necessity for war risk insurance for the United States. The act was entitled, "An act to authorize the establishment of a bureau of War Risk Insurance in the Treasury Department."

Thereafter, by the act of August 11, 1916, Chapter 332, 39 Stat. at L., 514, and the further act of March 2, 1917, Chapter 169, 39 Stat. at L., 1131, a time during which the President might suspend the operation of the act of 1914 was extended.

Later by the act of June 12, 1917, Chapter 26, 40 Stat. at L., 102-105, the above acts were amended and the bureau of War Risk Insurance was placed upon an apparently permanently basis. The insurance was extended not only to vessels, but also to the Masters, Officers and Crews of such vessels, and to their personal effects, (Section 2). In the meantime, on April 6, 1917, the United States entered the World War and Congress concluded to extend the scope of the existing War Risk Insurance Act so as to provide for the insurance of officers and men in the armed forces of the United States. This purpose was effected by the act of Oct. 6, 1917, Chapter 105, 40 Stat. at L., 398 whereby Congress provided for term insurance for such officers and men and the act further provided for the conversion of such term insurance after the termination of the war (Sec. 404, page 410). This act, originating soldiers' insurance,

was entitled, "An Act to amend an Act entitled, 'An Act to authorize the establishment of a bureau of war risk insurance in the Treasury Department,' approved September 2, 1914, and for other purposes."

Thus it very clearly appears that the soldier's insurance was a timely development of War Risk Insurance, originally provided for the Merchant Marine vessels, then extended to the masters and crews of those vessels and later when the occasion arose, extended to officers and men in the armed forces of the United States.

The policy involved in this action, as appears by Paragraph 21 thereof, was granted under and subject to the provisions of the World War Veterans' act of 1924, and Amendments and supplements thereto. This act was passed June 7, 1924, 43 Stat. at L., 607, Chapter 320, and is entitled, "An Act to Consolidate, Codify, Revise and Re-enact the Laws Affecting the Establishment of the United States Veterans' Bureau and the Administration of the War Risk Insurance Act as amended, and the Vocational Rehabilitation Act as Amended." This act provides for the conversion of term insurance previously mentioned, (Section 301, page 624). It appears, therefore, that the policy on which this suit is brought was issued under an act consisting simply of an amendment, consolidation, codification, revision and re-enactment of the various laws relating to the War Risk Insurance Act.

For the convenience of the Court, an appendix, including the more important sections of the statutes mentioned, has been attached.

ARGUMENT

It would be a waste of time to attempt any distinction between the case relied on to some extent by the Government, namely U. S. v. Lyke, 19 Fed. 2nd, 876, and the case at bar. This case is in direct opposition to the principle for which we contend. It is submitted, however, that the Circuit Court in the 9th Circuit in its holding in the case mentioned has overlooked the significance of the historical foundation supporting the present War Risk Insurance Act. Had the development of this legislation been correctly appraised, it would have been apparent that there can be no logical distinction between the principles involved in the case under consideration and the principles involved in The Standard Oil vs. U. S. 267 U.S. 76. This policy involved the Standard Oil Co. case and the policy involved in this action were issued in accordance with almost identical statutory provisions. The Marine Insurance policy involved in that case was issued in accordance with 38 Stat. at L., 711. Section Three of that act provided for the issuance of a form of War Risk Insurance Policy, without going into the details as to the form of such policy. Section Four provided that suit might be brought in the event that there was a disagreement between the United States and the assured. The analagous provisions in the act under which appellee was insured (43 Stat. at L., 607) were as follows: Section 301 of the act provides for "*the usual forms of insurance,*" and refers to the policy as a "*contract of insurance.*" (Now 38 U. S. C. A. Section 512.) Section Five of the act provides for the making of rules and regulations. (Now 38

U. S. C. A. Section 46.) Section 19 of the Act authorizes suit to be brought, "in the event of disagreement as to claim under a contract of insurance between the bureau and any beneficiary or beneficiaries thereunder." (Now 38 U. S. C. A. Section 445.) In neither instance did Congress go into detailed particularity as to the terms and provisions of the policies to be issued.

The fallacy of the decision in U. S. v. Jackson, 34 Fed. 2nd, 241, is obvious in the following particulars.

1. The Court says:

> "On the contrary, in issuing life and disability insurance policies under the provisions of the amendment of October 6th, 1917, the United States did not go into the life insurance business and did not issue life insurance policies in the usual form."

The statutes as codified, provides, 43 Statutes at Large, 607 Sec. 301:

> "Regulations shall provide for the right to convert into ordinary life, 20 payment life, endowment maturing at age of 62 and into other usual forms of insurance . . ."

2. The Court says:

> "under such policies the payments to be made in case of death or permanent disability were not indemnity in their entirety but were partly in the nature of pension."

But the act of June 7th, 1924, 43 Statutes at Large, page 607, Chapter 320, devotes the first two hundred and three sections to provisions for disabled

veterans which may be considered in the nature of a pension.

Awards under these provisions are entirely separate and distinct from awards under insurance provisions of the chapter and Congress, having thus fully provided for payments in the nature of pensions, evidently had in mind payments of an entirely different nature when it enacted the insurance provisions.

Furthermore, it will be noted that allowance for death or disability under the insurance provisions are granted entirely without regard to the cause of the death or disability. Certainly Congress had no intention of granting a pension for death occuring or disability incurred outside the military service and in no way traceable to the military service. Congress, on the other hand, simply authorized contracts of insurance for the benefit of those engaged in the military service to be available to those so engaged after military service had terminated and in the event of death or disability resulting from any cause whatever.

3. Quoting the case of Birmingham v. U. S. 4 Fed., 2nd, the Court says:

> "The government in devising and putting into effect its plan of war risk insurance, did not enter the field of business for commercial purposes and pecuniary gain and therefore does not stand in the same relation to the insurance as do ordinary insurance companies."

All of this can be said with equal force as to the marine insurance provided by the act of September 2nd, 1914, 38 Statutes at Large, page 711

and 712. It will be noted that the act last mentioned provided an appropriation of $5,000,000.00 for carrying out the purposes of the act, and it is logical to assume that Conress in appropriating this sum was not entering "the field of business" in the accepted sense, for "commercial purposes and pecuniary gain."

Certainly it was very apparent to Congress that the Marine Insurance was a money losing activity on the part of the Government when on March 3rd, 1917 it appropriated an additional $15,000,000.00 for the purpose of "paying losses accruing under the provisions of this act." U. S. Statutes at Large, Vol. 39, chapter 169, page 1131.

There appears no logical reason for contending that Congress intended the allowance of interest on a claim under the marine policy and intended at the same time to deny interest on the benefits of a policy insuring the life or health of a soldier. It appears impossible to escape the conclusion that the decision in Standard Oil Co. vs. United States is governing.

The language of the Supreme Court in that case may properly be adopted in the case at bar.

> "When the United States went into the insurance business, issued policies in familiar form and provided that, in case of disagreement, it might be sued, it must be assumed to have accepted the ordinary incidents of suits in such business."

The basic rule in constitutional and statutory construction is that the legislative bodies contemplate the normal and usual consequences of the measures adopted. Congress, in establishing a national bank,

authorizes by implication the payment of interest in the course of the business transacted by the bank. Congress, in authorizing the government to enter into the insurance business, by the same logical implication authorizes the payment of interest on amounts owed by the government and withheld after due.

It of course happens in many cases, perhaps in the majority of cases, soldiers entitled to benefits of their War Risk Insurance policies obtain these benefits as soon as due. It is inconceivable that where, by reason of administrative failure, the government delays the payment of amounts due the soldiers, it should withhold the payment of a compensating interest rate, and thus place the victim of this delay on a footing in no wise equal to the position of the soldier who has collected his benefits as they have accrued. Interest is at best a poor compensation for the delay in payments of benefits under most circumstances urgently needed by the policy holder, and withholding of the interest is not only unwarranted in law, but certainly so morally.

The case of White vs. United States, 270 U. S. 175, and particularly the language of Mr. Justice Holmes at page 538, has been urged in support of the theory that interest should not be allowed. The language referred to is as follows:

> "The insurance was a contract, to be sure, for which a premium was paid, but it was not one entered into by the United States for gain. All soldiers were given a right to it, and the relation of the government to them, if not paternal, was at least avuncular. It was a relation of benevolence, established by the government at considerable cost to itself, for the soldiers' good.

It was a new experiment in which changes might be found necessary, or at least, as in this case, feasible, more exactly to carry out his will."

With references to this language, it should first be noted that Mr. Justice Holmes, although using the term "benevolence" also states that the insurance was a contract, for which a premium was paid. Justice Holmes goes on to say, "but it was not one entered into by the United States for gain." The same language would be applicable throughout to the marine insurance provided by the first War Risk Insurance Statutes.

It should further be noted that in a number of places the policy of insurance definitely specifies that certain payments shall be without interest, and makes no provision with reference to deferred monthly payments, and from this circumstance it becomes reasonable to infer that there was no intention of withholding interest payments on such deferred benefits. This impression is further strengthened by the circumstance that during the two years following the decision of the Supreme Court in the Standard Oil case, the bureau of War Risk Insurance having full power to alter the form of policy and provide specifically against the allowance of interest on deferred benefits, did not see fit to do so.

Counsel for the Government undertake to differentiate between the statutory provisions for Marine Insurance and the statutory provisions for Soldiers' Insurance, by contending that Congress contemplated assessing the entire cost of the Marine Insurance against the insured and that in case of Soldiers' Insurance, Congress contemplated the absorption of large expenses by the Government.

It is contended by the Government that the legislative history of the case and debates in Congress support this theory.

Such a conclusion seems however, unsupported and unwarranted. Granted that Congress contemplated the absorption of certain overhead cost and the cost incident to unusual hazard in the case of Soldiers' Insurance, it is likewise true that Congress contemplated the same thing in the case of Marine Insurance. This is indicated by the following passages occuring during the discussion in Congress prior to the enactment of the Marine Insurance Act, and covered in Volume 51 of Congressional Record.

MR. CLARKE of Arkansas.

• • • •

"The bill provides that when adequate insurance can not be obtained from private companies upon reasonable rates the Government of the United States may assume that part of the marine risk known as the war risk; that is to say, it does not include the ordinary risks of navagation, but the risk which the Government is thereby authorized to assume is confined exclusively to those dangers known as war risks, such, for instance, as seizure and condemnation as a prize, possible assult by one or other of the belligerents, contact with a mine, or some of the numerous dangers that are peculiarly inherent in war." pg. 14077.

MR. CLARKE of Arkansas. The private insurance companies are conducted for the purpose of making profit. This bill provides for one of the burdens growing out of the situation. The United States Government is disposed to take care of

this not for profit, but will do so even if it should involve a loss." pg 14080

MR CLARK of Wyoming. There is the question. Is this bill intended as a losing proposition for the Government?

MR. CLARKE of Arkansas. Rather than see our commerce driven off the seas; yes." pg 14080

MR. WALSH. The question I asked the Senator was whether he believed that the ordinary marine insurance being excluded, and the insurance being only with reference to war risks, the business the Government now undertakes to go into will be self-supporting; that is to say, that the returns will be equal to the losses?

MR. CLARKE of Arkansas. That is a matter of conjecture. The belief is that it will be self-sustaining. Generally speaking, those who are scientifically informed about insurance know that it is an exceedingly profitable business in all its branches." pg 14081

It will be noted that Senator Clarke, the active advocate of the bill, while expressing a hope that the measure might be self-sustaining, frankly admitted that this point was conjectural.

"MR. BURTON. I think that retains the substance of the section. I do not think the objection stated by the Senator from North Dakota lies to this bill. It is not with a view to preventing the extortion of private insurance companies that the bill is to be passed, but because private capital is inadequate to cover the field. A new and extraordinary risk is imposed upon shipping, and a couple of foreign countries are giving war-risk insurance. It is desirable to place our ships on the same basis with theirs." pg 14086

"The bill simply offers the means of obtaining insurance covering war risks where private companies will not assume it." pg. 14086

The foregoing discussion was of course in the United States Senate. Discussion in the House shows even more clearly that the bill was not seriously intended as a self-supporting measure and certainly not intended as a profitable business venture on the part of the Government.

The following discussion occurred in the House and is likewise recorded in Volume 51 of the Congressional Record:

"Mr. Towner. Mr. Chairman, it should be thoroughly understood just what is involved in the bill under consideration. We are asked to create as one of the bureaus of our Government an insurance department, whose duty it shall be to engage in the extrahazardous business of war-risk insurance. We are asked to appropriate $5,100,000 therefor from the Treasury of the United States.

"It is not contended that the United States as a permanent policy should engage in the insurance business. It is not argued that it will be profitable to do so. On the contrary, it is stated as a reason why the United States should undertake the enterprise that marine-insurance companies already engaged in the business are unwilling or unable to issue these war-risk policies. If it is a profitable venture, private capital would furnish the funds. If it is safe, private enterprise would take the risk. But because it is neither profitable nor safe therefore it is urged that the United States should undertake it."

The comments of Mr. Underwood are of importance because he was the leading proponent of the measure of the House. He expresses himself as follows:

> "Now, what is this proposition? There is nothing that is very unusual about it. It is an effort to provide war insurance to American ships and American cargoes. There are no insurance companies abroad that are carrying the war risks of their own countries. The insurance societies of Great Britain today are carrying only 20 per cent of the war risks of that country, and 80 per cent of the war risks are carried by the Government of Great Britain. The same is true in a greater or less degree of the other countries of Europe; and it was only yesterday that I read the orders upon which the war risks of England are issued, and those war risks are issued only to their own ships and their own cargoes. So that if you do not pass this bill, you have no place to turn to insure your own ships and your own cargoes, except to a few American companies which, as the gentleman from Minnesota (Mr. Stevens) has told you, say they have not the necessary capital and have not the commercial standing on which they can safely take this risk.
>
> Do you want to force the people of you own country to assume insurance from companies that say themselves they have not the capital to safely grant that insurance? Other great Governments of the world are willing to take care of their people and their trade and their commerce in an emergency of this kind."

The contention of the Government that the Marine Insurance is a business transaction on the part of the Government and that the Soldiers' Insurance is a gratuity, must fall by its own weight. The only

reasoning which can support this contention is along the line that Congress expected the Marine Insurance to pay for itself and did not expect this in the case of the Soldiers' Insurance.

It is apparent from the discussion which took place in Congress that there was no serious expectation that the Marine Insurance would pay for itself. The most urgent advocates admitted the likelihood that the Government would sacrifice the money which Congress was called upon to appropriate.

The facts appear quite definitely that in passing the Marine Insurance Act, Congress had absolutely no thought of profiting, so far as the Government is concerned, and contemplated financial loss as a probability. In passing the Soldiers' Insurance Act, Congress may have contemplated financial loss as a certainty, but the difference is one of degree only. If either of the acts are to be contrued as a gratuity on the part of the Government, then both must be so construed. The fact that Congress committed the Government to contracts holding forth no possibility of profit and a strong likelihood of loss, as it did in the Marine Insurance Legislation, makes this legislation and the benefits thereof as much a gratuity as the Soldiers' Insurance.

The motives actuating Congress in providing the Marine Insurance Act were exactly the same as those underlying the Soldiers' Insurance Act, namely the welfare of the nation.

Further, the effect of a contract cannot properly be measured by the actual, possible or probable gain or loss involved. Whether the consideration is fully

adequate under the standards applied to other insurance business is completely beside the point. The contracts were tendered by the Government and accepted by the soldiers and the consideration stipulated in the contracts has been most efficiently and diligently collected and protected by the Government.

The views herein submitted are fully sustained by two recent and well reasoned District Court opinions. Judge Hahn, sitting on the District Court for the Northern District of Ohio, Western Division, filed an opinion on June 24th, 1929, in the case of Gianakouras v. U. S. 33 Fed. 936, in which interest was allowed for the reasons herein set forth. The same conclusion with reference to the allowance of interest was reached by Judge H. H. Watkins of the United States District Court for the Northern Division of South Carolina in an opinion rendered January 29th, 1930. This opinion has not as yet been published but was entered in the following cases: Shealy, Admx. v. U. S. of America, Law 1017; Sibert, Admr. v. U. S. of America, Law 1034 and Wilkinson, Admr. v. U. S. Law 1036. No further comment will be made on these opinions but it is hoped that this Honorable Court will find occasion to refer to them.

In conclusion it is submitted that there is no valid distinction between the contract considered by this Honorable Court in the case of Standard Oil Company v. U. S., 267 U. S. 76, and the contract under consideration in the case at bar and that intrest on unpaid installments of insurance under appellant's war risk insurance policy and on judgment obtained in the district court is properly allowable.

Respectfully submitted,

MILO J. WARNER
ROBERT NEWBEGIN
Counsel.

APPENDIX

United States Statutes at Large, Vol. 38, Chapter 293, page 711. An Act to authorize the establishment of a Bureau of War Risk Insurance in the Treasury Department..

"Whereas the foreign commerce of the United States is now greatly impeded and endangered through the absence of adequate facilities for the insurance of American vessels and their cargoes against the risks of war; and

"Whereas it is deemed necessary and expedient that the United States shall temporarily provide for the export shipping trade of the United States adequate facilities for the insurance of its commerce against the risks of war; Therefore

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is established in the Treasury Department a bureau to be known as the Bureau of War Risk Insurance, the director of which shall be entitled to a salary at the rate of $5,000 per annum.

"SEC. 2. That the said Bureau of War Risk Insurance, subject to the general direction of the Secretary of the Treasury, shall, as soon as practicable, make provisions for the insurance by the United States of American vessels, their freight and passage moneys, and cargoes shipped or to be shipped therein, against loss or damage by the risks of war, whenever it shall appear to the Secretary that American vessels, shippers, or importers in American vessels are unable in any trade to secure adequate war risk insurance on reasonable terms.

"SEC. 3. That the Bureau of War Risk Insurance, with the approval of the Secretary of the Treasury, is hereby authorized to adopt and publish a form of war risk policy, and to fix reasonable rates of premium for the insurance of American vessels, their freight and passage moneys and cargoes against war risks, which rates shall be subject to such change, to each port and for each class, as the Secretary shall find may be required by the circumstances. The proceeds of the aforesaid premiums when received shall be covered into the Treasury of the United States.

"SEC. 4. That the Bureau of War Risk Insurance, with the approval of the Secretary of the Treasury, shall have power to make any and all rules and regulations necessary for carrying out the purposes of this Act.

"SEC. 5. That the Secretary of the Treasury is authorized to establish an advisory board, to consist of three members skilled in the practices of war risk insurance, for the purpose of assisting the Bureau of War Risk Insurance in fixing rates of premium and in adjusting of claims for losses, and generally in carrying out the purposes of this Act; the compensation of the members of said board to be determined by the Secretary of the Treasury, but not to exceed $25 a day each, while actually employed. In the event of disagreement as to the claim for losses, or amount thereof, between the said bureau and the parties to such contract of insurance, an action on the claim may be brought against the United States in the District Court of the United States, sitting in admiralty, in the district in which the claimant or his agent may reside.

"SEC. 6. That the Director of the Bureau of War Risk Insurance, upon the adjustment of any claims for losses in respect of which no action shall have been begun, shall, on approval of the Secre-

tary of the Treasury, promptly pay such claim for losses to the party in interest; and the Secretary of the Treasury is directed to make provision for the speedy adjustment of claims for losses and also for the prompt notification of the parties in interest of the decisions of the bureau on their claims.

"SEC. 7. That for the purpose of paying losses accruing under the provisions of this Act there is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, the sum of $5,000,000.

"SEC. 8. That there is hereby appropriated, for the purpose of defraying the expenses of the establishment and maintenance of the Bureau of War Risk Insurance including the payment of salaries herein authorized and other personal services in the District of Columbia, out of any money in the Treasury of the United States not otherwise appropriated the sum of $1,00,000.

SEC. 9. That the President is authorized whenever, in his judgment, the necessity of further war insurance by the United States shall have ceased to exist, to suspend the operations of this Act in so far as it authorizes insurance by the United States against loss or damage by risks of war, which suspension shall be made, at any event, within two years after the passage of this Act, but shall not affect any insurance outstanding at the time or any claim pending adjustment. For the purpose of of the final adjustment of any such outstanding insurance or claims, the Bureau of War Risk Insurance may, in the discretion of the President, be continued in existence a further period not exceeding one year.

"SEC. 10. That a detailed statement of all expenditures under this Act and of all receipts hereunder shall be submitted to Congress at the beginning of each regular session.

"SEC. 11. That this Act shall take effect from and after its passage.

Approved September 2, 1914."

United States Statutes at Large, Volume 39, Chapter 332, P. 514. An Act to amend an Act entitled "An Act to Authorize the establishment of a Bureau of War Risk Insurance in the Treasury Department," approved September second, nineteen hundred and fourteen.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, That section nine of an Act establishing a Bureau of War Risk Insurance, approved September second, nineteen hundred and fourteen, be, and it is hereby, amended so as to require the suspension of the operations of the Act within three years from the date said Act was approved.

"SEC. 2. That all moneys received from premiums and from salvage shall be covered into the Treasury to the credit of the appropriation made for the payment of losses and be available for the purposes thereof."

Approved, August 11, 1916.

UNITED STATES STATUTES AT LARGE, Volume 39, Chapter 169 P. 1131. An Act to amend an Act entitled, "An Act to authorize the establishment of a Bureau of War Risk Insurance in the Treasury Department," approved September second, nineteen hundred and fourteen.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section nine of an Act establishing a Bureau of War Risk Insurance,

approved September second, nineteen hundred and fourteen, as amended by the Act of August eleventh, nineteen hundred and sixteen, be, and is hereby amended so as to require the suspension of the operations of the Act within four years from the date said Act of September second, nineteen hundred and fourteen, was approved.

"SEC. 2. That section seven of the Act of September second, nineteen hundred and fourteen, be, and is hereby, amended to read as follows:

"That for the purpose of paying losses accruing under the provisions of this Act there is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, the sum of $15,000,000."

"SEC. 3. That all moneys received from premiums and from salvage shall be covered into the Treasury to the credit of the appropriation made for the payment of losses and be available for the purposes thereof."

Approved, March 3, 1917.

United States Statutes at Large, Volume 40, Chapter 26 P. 102. An Act to Amend an Act entitled, "An Act to authorize the establishment of a Bureau of War Risk Insurance in the Treasury Department," approved September second, nineteen hundred and fourteen, and for other purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of the Act entitled "An Act to authorize the establishment of a Bureau of War Risk Insurance in the Treasury Department," approved September second, nineteen hundred and fourteen, is hereby amended to read as follows:

"That there is established in the Treasury Department a bureau to be known as the Bureau of War

Risk Insurance, the director of which shall be entitled to a salary at the rate of $5,000 per annum.

"SEC. 2. That section two of such act is hereby amended to read as follows:

"SEC. 2. That the said Bureau of War Risk Insurance, subject to the general direction of the Secretary of the Treasury, shall, as soon as practicable, make provisions for the insurance by the United States of American vessels, their freight and passage moneys, cargoes shipped or to be shipped therein, and personal effects of the masters, officers and crews thereof against loss or damage by the risks of war, whenever it shall appear to the Secretary that American vessels, shippers or importers in American vessels, or the masters, officers, or crews of such vessels, are unable in any trade to secure adequate war-risk insurance on reasonable terms.

"The Bureau of War Risk Insurance, subject to the general direction of the Secretary of the Treasury, shall, as soon as practicable, make provisions for the insurance by the United States, as further provided in section three a, of masters, officers and crews of American merchant vessels against loss of life or personal injury by the risks of war, and for compensation during detention following capture by enemies of the United States whenever it shall appear to the Secretary that in any trade the need for such insurance exists."

Approved, June 12, 1917.

United States Statutes at Large, Volume 40, Chapter 105 P. 398. An Act to amend an Act entitled "An Act to authorize the establishment of a Bureau of War Risk Insurance in the Treasury Department," approved September second, nineteen hundred and fourteen, and for other purposes.

ARTICLE IV

INSURANCE

"SEC. 400. That in order to give to every commissioned officer and enlisted man and to every member of the Army Nurse Corps (female) and of the Navy Nurse Corps (female) when employed in active service under the War Department or Navy Department greater protection for themselves and their dependents than is provided in Article III, the United States, upon application to the bureau and without medical examination, shall grant insurance against the death or total permanent disability of any such person in any multiple of $500, and not less than $1,000 or more than $10,000, upon the payment of the premiums as hereinafter provided.

"SEC. 401. That such insurance must be applied for within one hundred and twenty days after enlistment or after entrance into, or employment in the active service and before discharge or resignation, except that those persons who are in the active war service at the time of the publication of the terms and conditions of such contract of insurance may apply at any time within one hundred and twenty days thereafter and while in such service. Any person in the active service on or after the sixth day of April, nineteen hundred and seventeen, who, while in such service and before the expiration of one hundred and twenty days from and after such publication, becomes or has become totally and permanently disabled or dies, or has died, without having applied for insurance, shall be deemed to have applied for and to have been granted insurance, payable to such person during his life in monthly installments of $25.00 each. If he shall die either before he shall have received any of such monthly installments or before he shall have received two hundred and forty of such monthly install-

ments, then $25 per month shall be paid to his wife from the time of his death and during her widowhood, or to his child, or widowed mother if and while they survive him: Provided, however, That not more than two hundred and forty of such monthly installments, including those received by such person during his total and permanent disability, shall be so paid; and in that event the amount of the monthly installments shall be apportioned between them as may be provided by regulations.

"SEC. 402. That the director, subject to the general direction of the Secretary of the Treasury, shall promptly determine upon and publish the full and exact terms and conditions of such contract of insurance. The insurance shall not be assignable, and shall not be subject to the claims of creditors of the insured or of the beneficiary. It shall be payable only to a spouse, child, grandchild, parent, brother or sister, and also during total and permanent disability to the injured person, or to any or all of them. The insurance shall be payable in two hundred and forty equal monthly installments. Provisions for maturity at certain ages, for continuous installments during the life of the insured or beneficiaries, or both, for cash, loan, and paid-up, and extended values, dividends from gains and savings, and such other provisions for the protection and advantage of and for alternative benefits to the insured and the beneficiaries as may be found to be reasonable and practicable, may be provided for in the contract of insurance, or from time to time by regulations. All calculations shall be based upon the American Experience Table of Mortality and interest at three and one-half per centum per annum, except that no deduction shall be made for continuous installments during the life of the insured in case his total and permanent disability continues more than two hundred and forty months. Subject to regulations, the insured shall at all times

have the right to change the beneficiary or beneficiaries of such insurance without the consent of such beneficiary or beneficiaries, but only within the classes herein provided. If no beneficiary within the permitted class be designated by the insured, either in his lifetime or by his last will and testament, or if the designated beneficiary does not survive the insured, the insurance shall be payable to such person or persons, within the permitted class of beneficiaries, as would under the laws of the State of the residence of the insured, be entitled to his personal property in case of intestacy. If no such person survive the insured, then there shall be paid to the estate of the insured an amount equal to the reserve value if any, of the insurance at the time of his death, calculated on the basis of the American Experience Table of Mortality and three and one-half per centum interest in full of all obligations under the contract of insurance.

"Sec. 403. That the United States shall bear the expenses of administration and the excess mortality and disability cost resulting from the hazards of war. The premium rates shall be the net rates based upon the American Experience Table of Mortality and interest at three and one-half per centum per annum.

"Sec. 404. That during the period of war and thereafter until converted the insurance shall be term insurance for successive terms of one year each. Not later than five years after the date of the termination of the war as declared by proclamation of the President of the United States, the term insurance shall be converted, without medical examination, into such form or forms of insurance as may be precribed by regulations and as the insured may request. Regulations shall provide for the right to convert into ordinary life, twenty-payment life, endowment maturing at age sixty two and into other usual forms of insurance

and shall prescribe the time and method of payment of the premiums thereon, but payments of premiums in advance shall not be required for periods of more than one month each and may be deducted from the pay or deposit of the insured or be otherwise made at his election.

"Sec. 405. That in event of disagreement as to a claim under the contract of insurance between the bureau and any beneficiary or beneficiaries thereunder, an action on the claim may be brought against the United States in the district court of the United States in and for the district in which such beneficiaries or any one of them resides. The court, as part of its judgment, shall determine and allow reasonable attorney's fees, not to exceed ten per centum of the amount recovered, to be paid by the claimant on behalf of whom such proceedings are instituted to his attorney; and it shall be unlawful for the attorney or for any other person acting as claim agent or otherwise to ask for, contract for, or receive any other compensation because of such action. No other compensation or fee shall be charged or received by any person except such as may be authorized by the commissioner in regulations to be promulgated by him. Any person violating the provisions of this section shall be deemed guilty of a misdeamor, and upon conviction thereof shall, for each and every such offense, be fined not exceeding $500, or be imprisoned at hard labor not exceeding two years, or both, in the discretion of the court.

Approved, October 6, 1917."

United States Statutes at Large, Volume 43, Chapter 320, P. 607. An Act to consolidate, codify, revise and reenact the laws affecting the establishment of the United States Veterans' Bureau and the administration of the War Risk Insurance Act, as amended, and the Vocational Rehabilitation Act, as amended.

"Sec. 5. The director, subject to the general direction of the President, shall administer, execute, and enforce the provisions of this Act, and for that purpose shall have full power and authority to make rules and regulations, not inconsistent with the provisions of this Act, which are necessary or appropriate to carry out its purposes, and shall decide all questions of fact affecting any claimant to the benefits of Titles II, III, or IV of this Act, shall be conclusive except as otherwise provided herein. All officers and employees of the bureau shall perform such duties as may be assigned them by the director. All official acts performed by such officers or employees specially designated therefor by the director shall have the same force and effect as though performed by the director in person. Wherever under any provision or provisions of the Act regulations are directed or authorized to be made, such regulations, unless the context otherwise requires, shall be or may be made by the director. The director shall adopt reasonable and proper rules to govern the procedure of the divisions and to regulate and provide for the nature and extent of the proofs and evidence and the method of taking and furnishing the same in order to establish the right to benefits of compensation, insurance, vocational training or maintenance and support allowance provided for in this Act, the forms of application of those claiming to be entitled to such benefits, the methods of making investigations and medical examinations, and the manner and form of adjudications and awards."

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"Sec. 19. That no claim agent or attorney except the recognized representatives of the American Red Cross, the American Legion, the Disabled American Veterans, and the Veterans of Foreign Wars and such other organizations as shall be ap-

proved by the Director, shall be recognized in the presentation or adjudication of claims under Titles II, III, and IV, except that in the event of disagreement as to claim under a contract of insurance between the bureau and any beneficiary or beneficiaries thereunder an action on the claim may be brought against the United States either in the Supreme Court of the District of Columbia or in the District Court of the United States in and for the district in which such beneficiaries or any one of them resides, and that whenever judgment shall be rendered in an action brought pursuant to this provision, the court, as part of its judgment, shall determine and allow such reasonable attorney's fees, not to exceed 5 per centum of the amount recovered, to be paid by the claimant in behalf of whom such proceedings were instituted to his attorney, said fee to be paid out of the payments to be made to the beneficiary under the judgment rendered at a rate not exceeding one-tenth of each of such payments until paid. All persons having or claiming to have an interest in such insurance may be made parties to said suit, and such as are not inhabitants of or found within the district in which suit is brought, may be brought in by order of the court to be served personally or by publication as the court may direct. The procedure in such suits shall otherwise be the same as that provided for suits in the district courts by the act entitled, "An Act providing for the bringing of suits against the United States," approved, March 3, 1887, as amended."

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TITLE III — *Insurance*

"Sec. 300. That in order to give to every commissioned officer and enlisted man and to every member of the Army Nurse Corps (female) and of

the Navy Nurse Corps (female) when employed in active service under the War Department or Navy Department protection for themselves and their dependents, the United States, upon application to the bureau and without medical examination, shall grant insurance in such form or forms as is prescribed in section 301 hereof, against the death or total permanent disability of any such person in any multiple of $500, and not less than $1000 or more than $10,000, upon the payment of the premiums as hereinafter provided. Such insurance must be applied for within one hundred and twenty days after enlistment or after entrance into or employment in the active service and before discharge or resignation.

"The insurance shall be payable only to a spouse, child, grandchild, parent, brother, sister, uncle, aunt, nephew, niece, brother-in-law or sister-in-law, or to any or all of them, and also during total and permanent disability to the injured person.

"The United States shall bear the expenses of administration and the excess mortality and disability cost resulting from the hazards of war. The premium rates shall be the net rates based upon the American Experience Table of Mortality and interest at 3½ per centum per annum.

"Sec. 301. Not later than July 2, 1926, all term insurance held by persons who were in the military service after April 6, 1917, shall be converted without medical examination, into such form or forms of insurance as may be prescribed by regulations and as the insured may request. Regulations shall provide for the right to convert into ordinary life, twenty-payment life, endowment maturity at age sixty-two, and into other usual forms of insurance, and shall prescribe the the time and method of payment of the premiums

thereon, but payments of premiums in advance shall not be required for periods of more than one month each and may be deducted from the pay or deposit of the insured or be otherwise made at his election.

"All term insurance shall cease on July 2, 1926, except when death or total permanent disability shall have occured before July 2, 1926.

"In case where an insured whose yearly renewable term insurance has matured by reason of total permanent disability is found and declared to be no longer permanently and totally disabled, and where the insured is required under regulations to renew payment of premiums on said term insurance, and where this contingency is extended beyond the period during which said yearly renewable term insurance otherwise must be converted, there shall be given such insured an additional period of two years from the date on which he is required to renew payment of premiums in which to convert said term insurance as hereinbefore provided.

"The bureau may make provision in the contract for converted insurance for optional settlements, to be selected by the insured, whereby such insurance may be made payable either in one sum or in installments for thirty-six months or more. The bureau may also include in said contract a provision authorizing the beneficiary to elect to receive payment of the insurance in installments for thirty-six months or more but only if the insured has not exercised the right of election as hereinbefore provided; and even though the insured may have exercised his right of election, the said contract may authorize the beneficiary to elect to receive such insurances in installments spread over a greater period of time than that selected by the insured."